

# A Look at International Marketing

## Getting Started

by Dennis R. Chrisbaum

*U.S. Small Business Administration*

As you begin exploring international business opportunities, consider attending export-training sessions in your community. These will connect you to the international business network in your local community. The U.S. Department of Commerce, U.S. Small Business Administration, state international trade offices, World Trade Centers, Small Business Development Centers, and local community colleges typically sponsor such programs. In addition, there are a number of Web sites that can help you get started.

One of the first things you will need before you export is a Schedule B number for your product, which will be put on your Shipper's Export Declaration. The Trade Information Center can help you research that number, or you can contact the U.S. Census Bureau ([www.census.gov/foreign-trade/schedules/b](http://www.census.gov/foreign-trade/schedules/b)) to locate the number. You also will be able to find your product's Harmonized System number there. This is used worldwide to classify products and determine local duty rates. With this number, you can then research the duty rates that your buyers will pay when importing your products. Depending on the duty, your

industry sector and country. You also will find a *Country Commercial Guide* for every major market, updated annually by U.S. embassy staffs worldwide, on how to do business in a given country and the best prospects for U.S. exports. And you will find a list of trade events and services that could help you identify buyers or representatives for your products abroad.

If you are involved in producing agricultural or food items, visit the Web site of the Foreign Agricultural Service, U.S. Department of Agriculture, which has an excellent international business plan on it. Go to [www.fas.usda.gov](http://www.fas.usda.gov),

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For instance, *A Basic Guide to Exporting*, published by the U.S. Department of Commerce, can be downloaded from [www.unzco.com/basicguide/index.html](http://www.unzco.com/basicguide/index.html). Other information on the mechanics of exporting is available through the U.S. Commerce Department's international trade portal at [www.export.gov](http://www.export.gov). If you go to the “Export Basics Webcast” on this site, you will be able to sign up for four hours of free on-line training. Other sites offering good basic information are [www.tradeport.org](http://www.tradeport.org), [www.globalspeak.com](http://www.globalspeak.com), and the Commerce Department's Trade Information Center at [www.export.gov/tic](http://www.export.gov/tic).

products might or might not be competitive in a particular market. Also refer to “Classifying Your Product for Export” in the January 2003 issue of *Export America* for a guide to locating your product under the Harmonized System.

When you are familiar with some of the basics of exporting, you will want to begin doing market research on potential markets. The Internet has changed the way we do research; there is so much available on-line now. One of the best sites to begin your market research is [www.export.gov](http://www.export.gov), which provides market research by

and under “Exporter Assistance,” you will find an option to create your own export plan. In addition, you will find market research reports and trade leads at this site. Two other helpful resources for country information are [www.countrywatch.com](http://www.countrywatch.com) and *The World Factbook*, which can be found at [www.cia.gov](http://www.cia.gov).

### THE FOUR “P’s” OF MARKETING

Although international business is different from domestic business in some regards, certain business principles will not change. You still need to do proper market research, and you still need to address the four “P’s” of

marketing, which define marketing in any environment:

■ **Product** (and product modification):

One of the first laws of marketing is to ask what the customer wants. Americans frequently make the mistake of thinking if it sells here, it should sell abroad. Sometimes products have to be modified. In Japan, cars have steering wheels on the right side, so it does not make sense to try to sell them our standard models with steering wheels on the left. Another important difference is that outside of the United States, most of the world is on the metric system. So your products will need to be produced to metric standards. In much of Europe, ISO-9000 certification often is required before buyers will talk to you, and electrical standards vary around the world. Even in Canada, labeling must be in French and English, so packaging frequently will need to be adjusted as well.

■ **Placement** (distribution): Distribution channels are determined by industry and tradition and can vary greatly among markets. This is something you will have to research. What is the normal channel of distribution for your product in the targeted country? It might be quite different from the U.S. standard. Sometimes you can go around normal channels, but it should be a well-calculated risk. Will you try to sell directly to the end-user, or should you sign up an agent or distributor? Does your product require after-sales service? This is a critical question that may well dictate the distribution channel that you will need. Your local U.S. Export Assistance Center can help you locate qualified agents, distributors, or partners abroad. A list of their services is at [www.export.gov](http://www.export.gov). Also consider getting trade leads through the SBA's Trade Mission On-line program ([www.sba.gov/oit](http://www.sba.gov/oit)) or the

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LG 302	LUXEMBURG		
AZ 419	TURIN		
LH 1122	NEAPEL		
LH 1906	MADRID		
LH 1022	STUTTGART HBF.		
AF 1701	LYON		
AY 822	HELSINKI		
AA 071	SFRANCISCO-DALLAS		
AF 743	PARIS		
LH 1116	VENEDIG		
DL 023	DALLAS		
GA 892	AMSTERDAM		

Commerce Department's BuyUSA program ([www.buyusa.com](http://www.buyusa.com)).

■ **Promotion:** How will you promote your product in a particular country? Will you sell directly to potential buyers, or create buyer demand through advertising? Investigate how promotion is typically done for your product in the targeted country. For instance, if you have an industrial product and Germany is your target market, but you decide not to participate in the annual industrial trade shows, you are definitely making a mistake. The Germans have been doing trade shows for at least 1,000 years. Your participation, or lack of participation, will indicate the extent to which you are serious about the market. This is not necessarily the case in other countries. Contact your Export Assistance Center about programs for advice in this area.

■ **Pricing:** It is almost impossible to determine your pricing without primary research (having someone in the country evaluate your competition and the demand elasticity for your product). However, you should

be able to get a sense of whether you want to go into a market with a premium pricing, or a low pricing/high volume, strategy. How do you want buyers to view your product, related to its price and quality, compared to that of your competition? Also, remember that your buyer will need to absorb transportation costs and import duties. So, to keep your product competitive, you might need to back out your domestic marketing and overhead expenses, in order to arrive at acceptable pricing in a given market.

Market research is really at the heart of any international expansion plan, so make sure you devote adequate time to this effort. Unfortunately, if the market research is wrong, it is unlikely that your international sales efforts will succeed. Good luck as you begin what is sure to be an exciting adventure in global marketing. ■